

RESIDENTIAL MARKET STABILISING

Brisbane houses and apartments have shown resilience in the past twelve months given the slowing of growth in population from interstate migration and the tapering back of Queensland mining activities. Growth in capital values and rents are beginning to stabilise this month, however vacancy continues to trend below equilibrium, albeit with a solid pipeline of projects projected.

Key facts May 2015

Capital growth for houses in the last month was up 0.2% (4.0% year on year); while apartments remained stable (2.8% year on year)

Sales volume was up 11.3% for houses and up 22.5% for apartments year on year to March

Annual **rental growth** was recorded at 4.0% for houses and remained stable for apartments over the year to March

Gross **rental yields** currently average 4.91% for houses and 5.36% for apartments

- The cash rate fell 25 basis points in May to 2.00% - a new historic low. The standard variable rate currently stands at circa 5.40% and the 3-year fixed mortgage rate at circa 4.50%.
- Population growth is set to continue for the Brisbane metropolitan area, with an annual rate of 1.2% projected out to 2021. This will be led by net overseas migration.
- The unemployment rate as at April 2015 stands at 5.6% for the metropolitan region (SA4), trending below the 6.5% rate of April 2014.
- Building approvals in the three months to March, totalled 5,089 houses and 6,320 apartments approved in the Brisbane metropolitan area. This is trending 3.5% higher for houses and 78.8% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to March tallied 40,524 houses (up 11.3% on previous year) and 18,489 apartments (up 22.5% over the prior year).
- House values recorded growth of 0.2% in the last month (total 4.0% over the last year) to a median of \$477,500 while apartments remained stable over the month (rising 2.8% over the year) to record a median of \$371,000.
- Rental growth was recorded at 4.0% for houses and remained stable for apartments over the year to March. Weekly median rents are currently achieving \$450 for houses and \$380 for apartments.
- Total vacancy was last recorded at 2.2% in March 2015 for Brisbane; with 3.1% for the inner ring (0-5km), 2.2% for the middle-outer ring (5-20km) and 1.9% for the surrounds.
- Gross rental yields across the metropolitan area have increased off the back of relatively stable capital values and rental growth, to stand at 4.91% for houses and 5.36% for apartments.

FIGURE 1
Brisbane Capital Value Growth
12-month rolling

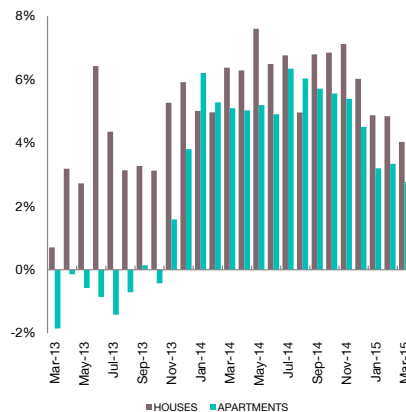
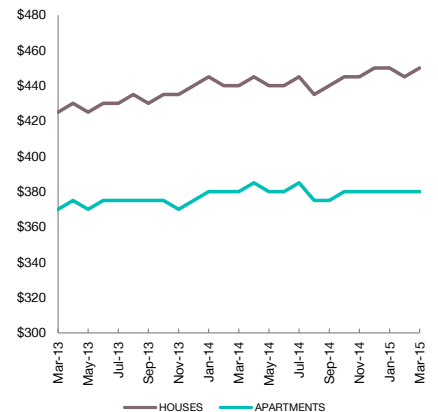


FIGURE 2
Brisbane Rents
Median, weekly



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Knight Frank House Price Index, Brisbane Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Mar-14	299	6.4%	4.0%	0.5%	1.0%
Apr-14	303	6.3%	4.4%	0.8%	1.3%
May-14	304	7.6%	3.9%	2.8%	0.4%
Jun-14	305	6.5%	2.4%	1.9%	0.1%
Jul-14	308	6.8%	2.6%	1.8%	1.3%
Aug-14	303	5.0%	2.4%	-0.3%	-1.7%
Sep-14	307	6.8%	2.7%	0.9%	1.3%
Oct-14	310	6.8%	2.4%	0.5%	1.0%
Nov-14	314	7.1%	3.1%	3.4%	1.2%
Dec-14	315	6.0%	3.5%	2.7%	0.5%
Jan-15	315	4.9%	2.2%	1.7%	0.0%
Feb-15	310	4.8%	2.4%	-1.0%	-1.5%
Mar-15	311	4.0%	1.3%	-1.3%	0.2%

Source: Knight Frank Residential Research, Residex

Knight Frank Apartment Price Index, Brisbane Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Mar-14	271	5.1%	3.1%	1.7%	0.6%
Apr-14	275	5.0%	4.1%	1.7%	1.2%
May-14	274	5.2%	3.4%	1.5%	-0.3%
Jun-14	273	4.9%	2.4%	0.7%	-0.3%
Jul-14	277	6.3%	2.6%	1.0%	1.5%
Aug-14	277	6.0%	2.8%	1.2%	0.0%
Sep-14	278	5.7%	2.5%	1.8%	0.3%
Oct-14	279	5.6%	1.4%	0.4%	0.1%
Nov-14	279	5.4%	1.9%	0.7%	0.3%
Dec-14	279	4.5%	2.1%	0.3%	-0.1%
Jan-15	279	3.2%	0.5%	0.1%	0.0%
Feb-15	279	3.3%	0.5%	-0.1%	0.0%
Mar-15	279	2.8%	0.3%	0.0%	0.0%

Source: Knight Frank Residential Research, Residex

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